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January 31, 2013

VIA OVERNIGHT MAIL

Terrance L. Toavs
Law Offices of Terrance L. Toavs
429 2nd Ave S
Wolf Point, MT 59201

Re: Payment to the City of Poplar Pursuant to the
East Poplar Oil Field Administrative Order on Consent

Dear Mr. Toavs:

The March 2012 Administrative Order on Consent (AOC) entered into with the U.S. EPA regarding the East Poplar Oil Field requires Pioneer and two other companies to collectively pay \$320,000 to the City of Poplar by February 1 if certain prerequisites are satisfied. Payment is to be made if the City of Poplar has at least \$320,000 of expenditures "for installation of the water supply wells, the associated pipeline, and providing water from the Fort Peck Rural Water System to the City's residents" (AOC, para. 15). Another precondition is that Interstate Engineering must confirm in writing that expenditures exceeded \$320,000 not counting those costs that are attributable to grant funding (AOC, para. 15).

We have received documentation of expenditures exceeding \$320,000, but we have received no written confirmation from Interstate as to what portion of the expenditures were subject to reimbursement from grant funds. Thus, the preconditions to payment have not been satisfied.

However, in the spirit of cooperation, Pioneer has decided to pay the City its share of the \$320,000 figure. Enclosed please find a check in the amount of \$106,666.67, representing one-third of \$320,000. You will receive separate communications from the other companies.

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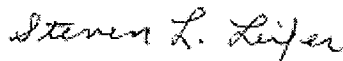
Terrance L. Toavs

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Please make sure this check is delivered to the appropriate individual at the City of Poplar. We are sending the check to you rather than the address listed in the AOC since that address is a P.O. Box.

Sincerely,



Steven L. Leifer

Enclosure

cc: Keri Fox, City of Poplar (cityofpoplar@nemont.net)

Nathan Wiser, U.S. EPA (wiser.nathan@epa.gov)

Sam Chamberlain, Murphy Oil Corp. (sam_chamberlain@murphyoilcorp.com)

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Mark S. Dalton, The Samson Companies (mdalton@samson.com)

Michael G. Daniel, The Samson Companies (mdaniel@samson.com)

Mayor and City Attorney, City of Poplar (cityofpoplar@nemont.net)

(All via email)

Pioneer Natural Resources USA, Inc.

5205 N. O'Connor Blvd., Ste. 200
Irving, TX 75039-3746
(972) 444-9001

BANK OF AMERICA, NA

ATLANTA, GA 30308
64-1278/611

979282

1/29/2013

PAY TO THE
ORDER OF

CITY OF POPLAR, MONTANA

\$ **106,666.67

One Hundred Six Thousand Six Hundred Sixty-Six and 67/100*****

DOLLARS

CITY OF POPLAR, MONTANA
PO BOX 695
POPLAR, MONTANA 59255

TWO SIGNATURES REQUIRED OVER \$20,000.00

MEMO

VENDOR 192815

⑈979282⑈ ⑆061112788⑆ 329 994 9679⑈

L. H. P. R.